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CENTRAL DIST. OF CALIF.
LOS ANGELES

BY: _____

UNITED STATES DISTRICT COURT

FOR THE CENTRAL DISTRICT OF CALIFORNIA

January 2015 Grand Jury

UNITED STATES OF AMERICA,

CR No. 15-**CR15-0228**

Plaintiff,

I N D I C T M E N T

v.

[18 U.S.C. § 371: Conspiracy;
7 U.S.C. § 2024(b)(1): Food Stamp
Fraud; 18 U.S.C. § 1343: Wire
Fraud; 18 U.S.C. § 2(a): Aiding
and Abetting]

SACHIN KUMAR,
aka "Sonny Kumar," and
VIPIN KUMAR,
aka "Vic Kumar,"

Defendants.

The Grand Jury charges:

COUNT ONE

[18 U.S.C. § 371]

A. INTRODUCTORY ALLEGATIONS

1. At all times relevant to this Indictment:

Food Stamp Program

a. The United States Department of Agriculture ("USDA"), Food and Nutrition Service was a federal agency responsible for the administration and implementation of the Supplemental Nutrition Assistance Program (the "SNAP"), formerly the Food Stamp Program.

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1 b. The purpose of the SNAP was to provide low-income
2 households with funds to purchase eligible food items for human
3 consumption. This purpose was implemented, in part, by providing
4 SNAP benefits to SNAP recipients via Electronic Benefit Transfer
5 ("EBT") cards that could be used to buy eligible food at authorized
6 stores. SNAP benefits could lawfully be used to purchase eligible
7 food items only; they could not be used to purchase alcoholic
8 beverages, tobacco products or other non-food or ineligible items.
9 SNAP benefits could not lawfully be exchanged for cash.

10 c. SNAP recipients obtained SNAP benefits using EBT
11 cards. An EBT card, similar to an ATM card, was issued in the name
12 of the individual SNAP recipient. Assigned to the card was a
13 personal identification number ("PIN") known to the card holder.
14 Each EBT card had a magnetic strip containing electronically coded
15 information associated with the particular SNAP recipient/card holder
16 including the dollar amount of the benefits to which he or she was
17 entitled. On a monthly basis, SNAP benefits would be credited
18 electronically to an account associated with a recipient's EBT card.

19 d. When a recipient sought to purchase eligible food
20 items using an EBT card at an authorized store, a store cashier or
21 the recipient would "swipe" or pass the recipient's EBT card through
22 a point of sale terminal ("POS terminal") located at the store's
23 checkout counter, and the recipient would enter his or her PIN into a
24 keypad on the POS terminal in order to authorize the eligible food
25 item purchase and allow the deduction of the corresponding amount of
26 SNAP benefits from the recipient's account.

27 e. Once an EBT card was swiped through a POS terminal and
28 the PIN was entered, the transaction was either approved or rejected.

1 If a transaction was approved, SNAP benefits in the amount of the
2 transaction would be debited from the recipient's account, and a wire
3 transfer of the same amount would be made into a designated bank
4 account of the authorized food retailer to whom the POS terminal was
5 registered.

6 f. A third-party company -- ACS State and Local
7 Solutions, Inc. ("ACS") (acquired by Xerox Company in February 2010)
8 -- administered the delivery, redemption, and reconciliation of SNAP
9 benefits. As part of the process for delivering and redeeming
10 benefits, each time an EBT card was swiped through a POS terminal and
11 the associated PIN was entered, the POS terminal communicated
12 electronically with servers that ACS maintained in Texas. Thus, each
13 time an EBT card was swiped through a POS terminal in California and
14 the associated PIN was entered, a wire communication was sent from
15 the California POS terminal to ACS's servers in Texas.

16 Defendants SACHIN KUMAR and VIPIN KUMAR

17 g. Defendants SACHIN KUMAR, also known as ("aka") Sonny
18 Kumar ("S. KUMAR"), and VIPIN KUMAR, aka Vic Kumar ("V. KUMAR"), were
19 brothers who were each residents of Los Angeles County, within the
20 Central District of California.

21 h. Defendants S. KUMAR and V. KUMAR each worked at Food
22 Market, a convenience store owned by their father.

23 i. Defendants S. KUMAR and V. KUMAR were the only
24 employees of Food Market authorized to work the cash register and
25 check out customers.

1 Food Market

2 j. Food Market was located in Panorama City, California,
3 in Los Angeles County, within the Central District of California.

4 k. Food Market employees were authorized to redeem SNAP
5 benefits in exchange for eligible food items. Food Market employees
6 were not authorized to exchange SNAP benefits for cash.

7 B. THE OBJECTS OF THE CONSPIRACY

8 2. Beginning on a date unknown but no later than in or about
9 May 2010 and continuing through in or about May 2012, in Los Angeles
10 County, within the Central District of California, and elsewhere,
11 defendants S. KUMAR and V. KUMAR, together with others known and
12 unknown to the Grand Jury, knowingly combined, conspired, and agreed
13 with each other to commit the following offenses against the United
14 States:

15 a. Food Stamp Fraud, in violation of Title 7, United
16 States Code, Section 2024(b); and

17 b. Wire Fraud, in violation of Title 18, United States
18 Code, Section 1343.

19 C. THE MANNER AND MEANS OF THE CONSPIRACY

20 3. The objects of the conspiracy were carried out, and were to
21 be carried out, in substance, as follows:

22 a. Defendants S. KUMAR and V. KUMAR would receive
23 requests from Food Market customers to exchange SNAP benefits for
24 cash.

25 b. Knowing that it was unlawful to exchange SNAP benefits
26 for cash, defendants S. KUMAR and V. KUMAR would respond to these
27 customers' requests by agreeing to exchange a portion of the SNAP
28 benefits that would be redeemed by the customer for cash.

1 c. Defendants S. KUMAR and V. KUMAR would "swipe" or pass
2 the customer's SNAP EBT card through Food Market's POS terminal and
3 enter an amount in excess of the retail price of the eligible food
4 items that the customer was seeking to purchase.

5 d. Defendant S. KUMAR's and V. KUMAR's swiping of the
6 SNAP EBT cards would cause a wire communication to be made from the
7 Food Market POS terminal in California to ACS's servers in Texas.

8 e. Once the transaction was approved, defendants S. KUMAR
9 and V. KUMAR would provide the customer with a portion of the excess
10 amount in cash, and a wire transfer would subsequently be made to a
11 Food Market bank account, for which defendants S. KUMAR and V. KUMAR
12 had signing authority.

13 D. OVERT ACTS

14 4. In furtherance of the conspiracy and to accomplish its
15 objects, defendants S. KUMAR and V. KUMAR, together with others known
16 and unknown to the Grand Jury, committed and caused others to commit
17 the following overt acts:

18 Overt Act No. 1: On or about May 21, 2010, defendant S. KUMAR
19 purchased and caused to be purchased approximately \$103.54 in SNAP
20 benefits from an EBT card provided by an undercover agent ("UC-1") in
21 exchange for approximately \$60.00 in cash.

22 Overt Act No. 2: On or about May 27, 2010, defendant S. KUMAR
23 purchased and caused to be purchased approximately \$103.19 in SNAP
24 benefits from UC-1's EBT card in exchange for approximately \$60.00 in
25 cash.

26 Overt Act No. 3: On or about June 23, 2010, defendant S.
27 KUMAR purchased and caused to be purchased approximately \$163.68 in
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1 SNAP benefits from UC-1's EBT card in exchange for approximately
2 \$100.00 in cash.

3 Overt Act No. 4: On or about July 14, 2010, defendant S.
4 KUMAR purchased and caused to be purchased approximately \$173.54 in
5 SNAP benefits from UC-1's EBT card in exchange for approximately
6 \$100.00 in cash.

7 Overt Act No. 5: On or about March 8, 2011, defendant V.
8 KUMAR purchased and caused to be purchased \$172.49 in SNAP benefits
9 from UC-1's EBT card in exchange for approximately \$85.00 in cash.

10 Overt Act No. 6: On or about October 25, 2011, defendant S.
11 KUMAR purchased and caused to be purchased \$71.11 in SNAP benefits
12 from UC-1's EBT card in exchange for approximately \$40.00 in cash.

13 Overt Act No. 7: On or about April 19, 2012, defendant V.
14 KUMAR purchased and caused to be purchased \$91.42 in SNAP benefits
15 from UC-1's EBT card in exchange for approximately \$50.00 in cash.

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1 COUNTS TWO THROUGH EIGHT

2 [7 U.S.C. § 2024(b)(1), 18 U.S.C. § 2(a)]

3 5. The Grand Jury hereby realleges and incorporates by
4 reference paragraphs 1, 3 and 4, including all subparagraphs, as if
5 fully set forth herein.6 6. On or about the dates set forth below, in Los Angeles
7 County, within the Central District of California, and elsewhere,
8 defendants S. KUMAR and V. KUMAR, together with others known and
9 unknown to the Grand Jury, aiding and abetting one another, knowingly
10 used, acquired, and possessed, and caused to be used, acquired and
11 possessed, SNAP EBT cards and access devices having a value of more
12 than \$100, in a manner not authorized by Title 7, United States Code,
13 Chapter 51, and the regulations issued pursuant thereto (Title 7,
14 Code of Federal Regulations, Subchapter C), knowing that the use,
15 acquisition, and possession was unauthorized and unlawful.
16 Specifically, defendants S. KUMAR and V. KUMAR knowingly and
17 unlawfully purchased and caused to be purchased SNAP benefits having
18 the approximate face values identified below, in exchange for cash in
19 the approximate amounts identified below:

COUNT	DATE	EBT AMOUNT	CASH AMOUNT
TWO	5/21/10	\$103.54	\$60.00
THREE	5/27/10	\$103.19	\$60.00
FOUR	6/23/10	\$163.68	\$100.00
FIVE	7/14/10	\$173.54	\$100.00
SIX	3/8/11	\$172.49	\$85.00
SEVEN	10/25/11	\$71.11	\$40.00
EIGHT	4/19/12	\$91.42	\$50.00

1 COUNTS NINE THROUGH FIFTEEN

2 [18 U.S.C § 1343, § 2(a)]

3 A. INTRODUCTION

4 7. The Grand Jury hereby realleges and incorporates by
5 reference paragraphs 1, 3 and 4, including all subparagraphs, as if
6 fully set forth herein.

7 B. SCHEME TO DEFRAUD

8 8. Beginning on a date unknown but no later than in or about
9 May 2010 and continuing through in or about May 2012, in Los Angeles
10 County, within the Central District of California, and elsewhere,
11 defendants S. KUMAR and V. KUMAR, together with others known and
12 unknown to the Grand Jury, aiding and abetting one another, knowingly
13 and with the intent to defraud, devised, participated in, and
14 executed a scheme to defraud the USDA as to material matters, and to
15 obtain money and property from the USDA by means of materially false
16 and fraudulent pretenses, representations, and promises, and the
17 concealment of material facts, as described in paragraphs 1, 3 and 4
18 of this Indictment.

19 C. USE OF THE WIRES

20 9. On or about the following dates, in Los Angeles County,
21 within the Central District of California, and elsewhere, defendants
22 S. KUMAR and V. KUMAR for the purpose of executing and attempting to

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1 execute the fraudulent scheme described above, transmitted, and
 2 caused the transmission of, and aided and abetted the transmission
 3 of, the following items by means of wire and radio communication in
 4 interstate and foreign commerce:

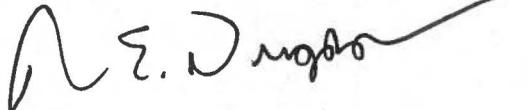
5	COUNT	DATE	ITEM WIRED
6	NINE	5/21/10	Request for authorization of \$103.54 transaction from EBT account of UC-1, sent from POS terminal at Food Market in Panorama City, California, to a server that ACS maintained in Texas
7	TEN	5/27/10	Request for authorization of \$103.19 transaction from EBT account of UC-1, sent from POS terminal at Food Market in Panorama City, California, to a server that ACS maintained in Texas
8	ELEVEN	6/23/10	Request for authorization of \$163.68 transaction from EBT account of UC-1, sent from POS terminal at Food Market in Panorama City, California, to a server that ACS maintained in Texas
9	TWELVE	7/14/10	Request for authorization of \$173.54 transaction from EBT account of UC-1, sent from POS terminal at Food Market in Panorama City, California, to a server that ACS maintained in Texas
10	THIRTEEN	3/8/11	Request for authorization of \$172.49 transaction from EBT account of UC-1, sent from POS terminal at Food Market in Panorama City, California, to a server that ACS maintained in Texas
11	FOURTEEN	10/25/11	Request for authorization of \$71.11 transaction from EBT account of UC-1, sent from POS terminal at Food Market in Panorama City, California, to a server that ACS maintained in Texas

COUNT	DATE	ITEM WIRED
FIFTEEN	4/19/12	Request for authorization of \$91.42 transaction from EBT account of UC-1, sent from POS terminal at Food Market in Panorama City, California to a server that ACS maintained in Texas

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6 A TRUE BILL
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9 Foreperson
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11 STEPHANIE YONEKURA
12 Acting United States Attorney

13 

14 ROBERT E. DUGDALE
15 Assistant United States Attorney
16 Chief, Criminal Division

17 RICHARD E. ROBINSON
18 Assistant United States Attorney
19 Chief, Major Frauds Section

20 RANEE A. KATZENSTEIN
21 Assistant United States Attorney
22 Deputy Chief, Major Frauds Section

23 KERRY L. QUINN
24 Special Assistant United States Attorney
25 Major Frauds Section